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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

MAY 30 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Implementation of the Local Competition) CC Docket No. 96-98
Provisions in the Telecommunications Act)
of 1996)

REPLY COMMENTS

ALLIANCE FOR PUBLIC TECHNOLOGY

SUMMARY

The Alliance for Public Technology, the nation's leading consumer group devoted to fostering a public broadband infrastructure to every home in America, continues to urge the Commission to keep Section 706 goals in mind as it implements the Act. In these reply Comments, APT points out a defect in the various competing cost models advocated by the various parties: they fail to account for the impact of the models on deployment of advanced, broadband services.

APT supports a limited federal role in regulation of the interconnection process. Instead, we urge the Commission to grant the states maximum flexibility and authority to implement the interconnection rules. There should be broad national guidelines, which include a requirement that all interconnection pricing rules be based upon and facilitate the transition to a broadband, high capacity, switched network capable of transmitting and receiving voice, data and video services.

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REPLY COMMENTS

The Alliance for Public Technology (APT), a consumer interest group devoted to promoting universal access to advanced telecommunication, submits these reply comments in the above referenced proceeding.

APT submitted direct comments in this proceeding, which made the following points:

- In crafting rules for interconnection, the FCC should measure those rules against the objective of accelerating the universal deployment of advanced infrastructure as defined in Section 706 of the Act.
- The pricing guidance provided in the Commission rules should send the correct signals -- to foster and promote facilities based competition. Only a fully distributed cost model will achieve that result.
- States should be given the maximum flexibility to implement and oversee the interconnection process. The Commission should adopt national rules amplifying the statutory standards, where necessary, but otherwise leave the "heavy rowing" to the states.

APT's views enjoy considerable support among other comments filed in this proceeding, especially the state regulatory agencies. We would like to focus these replies on a particular issue that is critical to APT's vision of universal, affordable access to a switched broadband network by every household with the capacity to generate and receive voice, data and video (Section 706) -- the appropriate cost model to be utilized for pricing of interconnection.

Competitors and those who believe competition is the only value to be promoted under the Act argue for a highly discounted, favorable interconnection rate. These advocates of quick and dirty competition based on discounted prices hope that there will be early resale of the public network. Others, such as APT, have argued for a fully distributed cost model that would encourage facilities based competition, and argue that if the public network facilities are priced too low, competition in the long term will be sacrificed and residential rate payers of the current public network will be harmed.

What is missing in the comments, however, is a discussion of whether the cost models, regardless of which model is used, should be premised on the existing copper network, or on a broadband network as envisioned under the Act. APT believes that the Commission should provide guidance to the states, which ultimately should regulate interconnection disputes, and that it should encourage interconnection agreements based on costs that would foster the development and deployment of broadband networks both by the incumbent public network provider and by new entrants.

It is critical that the Commission in the implementation of the Act not inadvertently discourage new investment in advanced services and broadband infrastructure. For example, as pointed out by APT in its original comments, if the price of interconnection is too low, the risk exists that uneconomic, deep discounts for traditional, narrowband based telecommunication services will have the effect of draining resources from the public network, yet create no incentive for new competitors to invest in broadband or new technologies. Indeed, there will be a clear dis-incentive for the LEC to upgrade the existing infrastructure.

APT urges the Commission and state regulators to view Section 706 of the Act in connection with each phase of implementation, and to adopt rules designed to foster the deployment of the new infrastructure. In this instance, encouraging states to set interconnection policies based on accelerating the universal deployment of high capacity, broadband facilities will have just that effect.

Finally, APT is concerned that there is little recognition of the public interest in a public switched telephone network. We understand, and support, the idea of introducing competition into the local telephone and telecommunication market place. Many commentators would have the Commission ignore the important public interest in a ubiquitous public infrastructure, which is currently represented by the incumbent local exchange telephone company. While we fully support the possibility that any other provider or competitor may substitute in whole or in part that public network function now provided by the incumbent, it is not in the public interest to eliminate the concept of a public network from the regulatory regime.

CONCLUSION

In conclusion, APT urges the Commission not to abandon the concept of a public switched telecommunication system in this country. The existence of competition doesn't negate the idea of a carrier or carriers of last resort with public interest obligations. It is critical that those public interest carriers be given meaningful incentives to deploy the advanced broadband network and associated services quickly and economically. The Commission can do so in this proceeding by suggesting cost models to the states that would provide for such a transition.

Respectfully Submitted
Alliance for Public Technology

A handwritten signature in cursive script that reads "Barbara O'Connor".

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Chairwoman

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CERTIFICATE OF SERVICE

I, Eleanor B. McVey, hereby certify that the foregoing Reply Comments of the Alliance for Public Technology were hand delivered to the following on the 30th of May, 1996:

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